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Message Text

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ACTION AEC-11

INFO OCT-01 EA-11 ISO-00 AECE-00 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 AF-10 ARA-16

EUR-25 NEA-10 DRC-01 /201 W
---------- 118826
R 190959Z APR 74
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 1402

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 5222

E.O. 11652: GDS
TAGS: ECON ETRD JA
SUBJ: COMMODITY SUPPLY PROBLEMS

REFS: (A) STATE 6951; (B) TOKYO 1394;
(C) TOKYO 2537; (D) TOKYO 4741; (E) TOKYO A-943,
NOV 30, 1973; (F) TOKYO A-819, OCT 15, 1973

SUMMARY: GOJ PRESENTLY HAS NO PLAN FOR SYSTEMATIC STUDY

JAPAN'S VULNERABILITY TO RAW MATERIAL PRODUCERS
CARTELS BUT WILL INCREASE ITS ATTENTION TO SUCH
DEVELOPMENTS AND TO ROLE OF RESOURCES IN RELATIONS WITH
SUPPLIERS. GOJ UNABLE TO IDENTIFY ANY COMMODITIES WHERE
IT BELIEVES PRODUCERS APPEAR TO HAVE POTENTIAL FOR EXTABLISHING
STRONG OPEC-LIKE CARTELS AND IS MORE CONCERNED WITH
SUDDEN UNILATERAL IMPOSITION OF EXPORT CONTROLS BY
IMPORTANT SUPPLIERS, INCLUDING U. S. GOJ ALSO SEES SCOPE
FOR COOPERATION AMONG RAW MATERIAL CONSUMERS TO RESIST
"UNREASONABLE" ACTIONS BY PRODUCERS AND TO APPROACH
RESOURCE PROBLEMS IN MULTILATERAL CONTEXT. END SUMMARY

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1. IN RESPONSE TO REF A, EMBOFF INTERVIEWED OFFICIALS OF

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FONOFF (INTERNATIONAL
RESOURCES DIVISION AND U. N. BUREAU'S ECONOMIC AFFAIRS DIVISION)
AND MITI (RESOURCES IND ENERGY AGENCY'S METALS AND MINING
DIVISION). OFFICIALS ACKNOWLEDGED PREOCCUPATION WITH OIL
CRISIS AND STATED ALTHOUGH AWAREMESS EXISTS OF NEED FOR
CHANGES IN RAW MATERIALS POLICIES, GOJ ONLY BEGINNING
TO TURN ATTENTION TO COMMODITY SUPPLY PROBLEMS OTHER
THAN ENERGY (E. G. SEE REFS B AND C RE LOW
LEVEL OF GOJ INTEREST IN CONAKRY IBA CONFERENCE). GOJ
OFFICIALS WILL NOT SOON FORGET SHOCK OF BEING LABELED
"UNFRIENDLY" BY ARABS BUT BELIEVE THAT OPEC IS UNIQUE
IN GEOGRAPHICAL CONCENTRATION OF MEMBERSHIP, POLITICAL
COHESIVENESS, AND CONTROL OVER A RESOURCE WHICH WHEN
WITHHELD HAS QUICK AND DEVASTATING IMPACT ON ENTIRE
ECONOMIES OF CONSUMING NATIONS.

2. GOJ REPS EMPHASIZED THAT VIEWS EXPRESSED WERE
PERSONAL RATHER THAN EVEN TENTATIVE GOJ CONCLUSIONS,
HOWEVER, THEY PREDICTED THAT SUCH PRODUCERS GROUPS AS
ARE FORMED WILL ORGANIZE FOR ECONOMIC RATHER THAN
POLITICAL REASONS AND CHIEFLY WILL TRY TO CONTROL
(AND BOOST) PRICES. A POSSIBLE EXCEPTION MIGHT BE SOME
SORT OF EVENTUAL RESOURCES CARTEL AGAINST WHITE RULE
IN AFRICA (SEE REF D RE GOJ REVIEW OF AFRICAN
POLICY). GIVEN THE WIDE DISPERSAL OF MANY RAW
MATERIALS AND THEIR ABUNDANCE IN INDUSTRIALIZED COUNTRIES
(E. G. U. S., AUSTRALIA, CANADA, AND SOUTH AFRICA) AS WELL
AS IN LDC'S, IT IS UNLIKELY THAT STRONG OPEC-LIKE
CARTELS CONTROLLING THE BULK OF WORLD SUPPLIES OF VITAL
COMMODITIES WILL BE FORMED. UNILATERAL ACTIONS SUCH
AS NATIONALIZATION, EXPORT CONTROLS, AND IMPOSITION OF
ONEROUS CONDITIONS ON FOREIGN INVESTMENT MAY HAVE
GREATER IMPACT ON JAPAN THAN CARTELS.

3. IN OPINION OF GOJ OFFICIALS CHANGE OF WORLD
CONDITIONS FROM CHEAP ABUNDANT RAW MATERIALS TO
SHORTAGES, RISING PRICES, AND UNSTABLE SUPPLIES WILL
STIMULATE GOJ ND PRIVATE INTEREST IN DIVERSIFICATION
OF SOURCES OF SUPPLY, IN STOCKPILING (SEE REF E),
IN UNDERSEA AND CONTINENTAL SHELF EXPLORATION,AND
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IN RESEARCH INTO RECYCLING AND CONSERVATION
OF IMPORTED RESOURCES, RAW MATERIAL SUBSTITUTION,
AND EXTRACTION OF MINERALS FROM LOW GRADE ORES. INCREASED
DIRECT JAPANESE INVESTMENT IN EXTRACTION AND LOCAL
PROCESSING OF RAW MATERIALS IN LDC'S AND INCREASED
PURCHASES OF PROCESSED AND SEMI-PROCESSED GOODS EXPECTED
TO SATISFY BOTH INDIGENOUS DEMANDS FOR ECONOMIC DEVELOP-
MENT AND JOBS AND JAPANESE WISH TO REDUCE POLLUTION,

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REDUCE PRESRURE ON SCARCE DOMESTIC LAND RESOURCES, AND
LESSEN DEPENDENCE ON FOREIGN FIRMS WHICH CONTROL LARGE
PORTION WORLD SUPPLIES OF NICKEL, BAUXITE, OIL, COPPER,
AND OTHER RESOURCES.

4. JAPANESE DELEGATION TO SPECIAL UNGA ON RAW MATERIALS
INSTRUCTED TO AVOID EXPRESSIONS SUCH AS "PRODUCERS
GROUPS" OR "PRODUCERS ASSOCIATION" AND TO ADVOCATE FREE
TRADE IN RAW MATERIALS AND MANUFACTURED GOODS ALIKE WITH
EXPORT CONTROLS TO BE IMPLEMENTED LEGALLY UNDER THE
GATT. GOJ APPROACHING MODERATES (YUGOSLAVIA AND
VARIOUS LATIN AMERICAN AND ASIAN COUNTRIES) AMONG G-77
TO TONE DOWN LANGUAGE EXTOLLING PRODUCERS ASSOCIATIONS
IN SECTION 1 1. (III) OF G-77 DRAFT RESOLUTION.

5. FONOFF CIRCULATING SUMMARY TRANSLATION STATE DEPARTMENT
REPORT ON "RAW MATERIALS OTHER THAN ENERGY" PASSED VIA
JAPANESE EMBASSY IN WASHINGTON. EXACT ENGLISH TITLE
UNKNOWN. EMBASSY WOULD APPRECIATE COPY OF REPORT IF
IDENTIFIABLE.

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INFO OCT-01 EA-11 ISO-00 AECE-00 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

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SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 AF-10 ARA-16

EUR-25 NEA-10 DRC-01 /201 W
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TO SECSTATE WASHDC 1403

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EMBASSY WOULD ALSO APPRECIATE
INFORMATION ON REFTEL INTERAGENCY STUDY WHICH COULD BE PASSED ON TO

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GOJ.

6. JAPAN DEPENDENT ON IMPORTS FOR BULK OF EVERY SIGNIFICANT RAW MATERIAL EXCEPT CLAY, SILICA, LIMESTONE, TALC, AND SULFUR. FOLLOWING STATISTICS FOR CY 1973 SHOW EXTENT OF IMPORT DEPENDENCE AND MAJOR SUPPLIERS OF SELECTED RAW MATERIALS.

(A) ALUMINUM:
TOTAL CONSUMPTION: 1,567,842 METRIC TONS (MT)
IMPORTS (BAUXITE): 5,615,000 MT; DEPENDENCE ON IMPORTS: 100 PERCENT
MAJOR SOURCES OF IMPORTS (BAUXITE):
AUSTRALIA 62 PERCENT
INDONESIA 20 PERCENT
MALAYSIA 17 PERCENT

(B) COKING COAL:
TOTAL CONSUMPTION 67,866,000 MT
IMPORTS: 55,823,000 MT
DEPENDENCE ON IMPORTS: 82 PERCENT
MAJOR SOURCES OF IMPORTS:

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AUSTRALIA 45 PERCENT
U.S. 30 PERCENT
CANADA 19 PERCENT

(C) COPPER:
TOTAL CONSUMPTION: 1,192,024 MT
IMPORTS (ORES AND CONCENTRATES OF COPPER): 2,973,000 MT
DEPENDENCE ON IMPORTS : 80 PERCENT
MAJOR SOURCES OF IMPORTS:
CANADA 40 PERCENT
PHILIPPINES 26 PERCENT
BISMARCK ARCHIPELAGO 13 PERCENT
CHILE 6 PERCENT
AUSTRALIA 5 PERCENT

(D) IRON ORE:
TOTAL CONSUMPTION: 142,708,000 MT
IMPORTS (IRON ORES AND CONCENTRATES): 135,000,000 MT
DEPENDENCE ON IMPORTS: 90 PERCENT
MAJOR SOURCES OF IMPORTS:
AUSTRALIA 48 PERCENT
INDIA 14 PERCENT
BRAZIL 10 PERCENT
CHILE 6 PERCENT
PERU 5 PERCENT

(E) LEAD:
TOTAL CONSUMPTION: 254,912 MT
IMPORTS (ORES AND CONCENTRATES OF LEAD):

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243,000 MT
DEPENDENCE ON IMPORTS : 61 PERCENT
MAJOR SOURCES OF IMPORTS:
CANADA 65 PERCENT
PERU 15 PERCENT
AUSTRALIA 10 PERCENT
(F) NICKEL:
TOTAL CONSUMPTION: 31,787 MT
IMPORTS (ORES AND CONCENTRATES OF NICKEL):
3,539,000 MT
DEPENDENCE ON IMPORTS : 100 PERCENT
MAJOR SOURCES OF IMPORTS:
NEW CALEDONIA 77 PERCENT
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INDONESIA 21 PERCENT
(G) ZINC:
TOTAL CONSUMPTION: 822,872 MT
IMPORTS (ORES AND CONCENTRATES OF ZINC):
1,205,000 MT
DEPENDENCE ON IMPORTS: 59 PERCENT
MAJOR SOURCES OF IMPORTS:
CANADA 35 PERCENT
PERU 27 PERCENT
AUSTRALIA 17 PERCENT
MEXICO 5 PERCENT
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, PETROLEUM, NATURAL RESOURCES, RAW MATERIALS, COMMODITIES, SUPPLIES, EXPORT CONTROLS, FOREIGN POLICY POSITION, FOREIGN TRADE, CARTELS, COMM ITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO05222
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740091-0887
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740427/aaaaayay.tel
Line Count: 254
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AEC
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) STATE 6951; (B) TOKYO 1394;
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2002 by kelleyw0>; APPROVED <26 MAR 2003 by GolinoFR>
Review Markings:

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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMODITY SUPPLY PROBLEMS
TAGS: ECON, ETRD, JA, UNGA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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